RESEARCH HIGHLIGHTS

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HOUSING NEEDS OF LOW-INCOME PEOPLE LIVING IN RURAL AREAS

This research report creates a profile of low-income households and the housing circumstances they face in rural communities. The report was prepared for Canada Mortgage and Housing Corporation and the Canadian Rural Partnership.

Methodology

Three methodologies were used to gather information: a literature review, statistical review and 12 community case studies consisting of local interviews and document searches.

Literature Review

A large number of journals, books and Web sites of key housing organizations were reviewed. Topics included: social services; infrastructure; land development and planning; rural housing markets; conditions in northern Canada; economic, social and demographic change; and international issues (including those in the U.S., Europe, New Zealand and Australia).

Statistical Review

The primary sources of statistical data were the Census (1991 and 1996) plus Statistics Canada's Survey of Household Spending (1999). The Census data was particularly useful because of its large sample size and complete demographic information. The core housing need methodology was applied to a variety of statistical sources[1].

The review included separate tables for farm and off-reserve Aboriginal households (but did not include households living on reserves).

The 1991 Post Census Aboriginal Peoples' Survey and the 2000 Yukon Housing Needs Study were used for statistics in northern and remote areas.

Case Studies

The rural case studies were undertaken to identify and assess local issues having an impact on the housing needs of low-income households. The findings could then be compared to results of the literature and statistical reviews.

The researchers selected the 12 communities based on the definition of rural regions of the Organization for Economic Cooperation and Development (OECD). Approximately 31 per cent of the Canadian population lived in predominantly rural regions in 1996.

The 12 communities were chosen as a convenience sample. Some of the criteria used in selection were to ensure all regions of Canada were covered and that there was a mix of different economic activities, trends and social and demographic characteristics. There was also a preference for communities where the project team had previous research and consulting experience.

The final list of case studies (in alphabetical order):

- Brooks, Alberta
- Coral Harbour, Nunavut
- Kingston-Greenwood, Nova Scotia
- Maniwaki, Quebec
- Marystown, Newfoundland and Labrador
- Mississippi Mills, Ontario
- Port Elgin, Ontario
- Preeceville, Saskatchewan
- Russell, Manitoba
- Saint-Fabien-de-Panet, Quebec
- St. Stephen, New Brunswick
- Wawa, Ontario

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Rural Interviews

For each community, researchers interviewed people with an understanding of local housing and related issues. Among those interviewed: municipal staff or councillors; social workers; health care officials and community health care workers; housing authority managers; real estate agents; non-profit housing corporation officials; landlords and property managers; operators of emergency shelters and transitional housing; and directors of municipal homes for the aged.

In communities where applicable, interviews were also conducted with RCMP officers; presidents of associations for seniors; school superintendents; community planners and local RRAP (Residential Rehabilitation Assistance Program) administrators.

Document Review

In each community, an attempt was made to collect and review relevant local reports and studies such as municipal plans, social services reports, social housing waiting lists and annual reports from community organizations such as food banks.

Methodology Limitations

While the methodologies used, when combined, were effective in identifying the housing needs of low-income people in rural areas, they did have drawbacks.

The literature review suffered from a lack of material on rural housing in Canada (in general). Also, the consultant did not have sufficient time for a more thorough review of unpublished works that were not specifically on housing but which could potentially influence housing needs, such as studies on economic development and health.

A tight deadline on the project also prevented a wider range of statistical sources to be consulted. In addition, the Census data had become outdated (from 1996). The core housing need model, ideal for analysis in an urban context, has limitations for the analysis of rural issues.

The case studies, meanwhile, did not include how communities were affected by their neighbouring jurisdictions; people interviewed often lacked concrete data on such important issues as dwelling conditions; and there were no interviews conducted with low-income households themselves.

Findings

1. Housing Situations of Low-Income Households

The research uncovered a number of situations common to many low-income households. For example, the challenges of finding affordable, adequate and suitable housing are widespread. However, some differences were also noted such as the circumstances faced by renters versus owners and by Aboriginal households compared to other households in rural areas.

Affordability

The statistical review revealed that 15 per cent of rural households and 17.8 per cent of rural off-reserve Aboriginal households faced affordability problems in 1996 as measured by the core housing need model. Households led by a senior, non-family households (people living alone or unattached persons living together) and renters were more likely to have affordability problems compared to other rural households.

Adequacy and Suitability

The statistical review showed that 11.3 per cent of rural households did not have adequate housing, but only 4.4 per cent are among those in core need. The need for housing repair was evident in some case study communities. Suitability is a smaller problem with 4.1 per cent in crowded conditions, only 0.9 per cent in core need. Crowding was reported in Brooks and Coral Harbour.

Heating and Utility Costs

Low-income households tended to live in poorly insulated older homes with high heating and utility costs (these costs were especially problematic in the North).

Rental Housing

New rental housing was rare leaving few choices, low vacancies, poor conditions and high operating costs. Exceptions were Brooks and Mississippi Mills where the economy is growing. In other communities, some new units with extended services and amenities were built for high-income seniors. Social assistance rates created distortions in small rental markets.

Ownership Housing

Ownership is the primary form of tenure in rural areas and small towns, even for low-income earners, and is often the only choice. This is the case when rental housing is either not available or is as expensive as ownership. However, many low-income households have difficulty saving for a down payment, a scenario made worse by high house prices in some communities. In Coral Harbour, where prices are especially high due to high construction costs, low-income people have almost no hope of buying a home. The costs of maintaining a home including property taxes, utility bills and repairs, are also barriers.

Off-Reserve Aboriginal Households

The incidence of need among Aboriginal households in 1996 was much higher than among other rural households, at 28.8 per cent. The figures also show 17.8 per cent with a housing affordability problem, 21.6 per cent with an adequacy problem and 18 per cent with a suitability problem. Off-reserve Aboriginal households were twice as likely to be in core housing need and seven times more likely to be living below housing standards when compared to other rural households. The problem was seen in Coral Harbour where construction and utility costs are high and employment opportunities are scarce. The affordability problems faced by Aboriginal households are often addressed by "doubling up" in crowded situations.

Rural Homelessness

This was rare in the sample communities with only one or two cases. Homeless people in rural areas typically live outside a small town, in an isolated location, perhaps in a tent for part of the year or some other modified structure such as a converted bus or camper.

2. The Nature of Rural Housing

This portion of the research addressed the types, condition and availability of housing for low-income households in rural areas.

Type and Tenure

Most people in rural areas and small towns own their own homes—82 per cent according to the 1996 Census. That compares to 64 per cent for urban households. In addition, 56 per cent of rural and small town homeowners are mortgage-free while only 45 per cent of urban owners can make that claim. Meantime, rental housing in rural areas typically consists of low-rise apartment buildings of six units or less (including houses converted to multiple unit dwellings) plus single-detached or semi-detached homes. In some communities, there are secondary suites, mini or mobile homes, and apartments above commercial properties, but these were less common.

Condition of the Rural Housing Stock

Urban housing is in better shape than the supply in rural Canada. Much of the rural stock, 29 per cent, consists of older buildings built before 1941. As a result, more of these homes are in need of repair when compared to the national average. Deteriorating housing stock, especially for low-income renters but also homeowners, and older homeowners in particular, was identified as a key issue in several of the case study communities.

Housing Supply Issues

Many small communities suffer from very little new rental construction. In some cases, building is non-existent, a serious issue for low-income households. When building activity does escalate, it's often linked to increased economic activity. The resale market for homes can vary widely but in depressed economies, selling can be tough since few people are moving to the community and the old age of properties puts their quality and affordable operating costs into question.

Local Construction Sector Capacity

Small populations, scattered settlement and higher building costs all contribute to make private development generally unattractive in smaller, remote areas. Often, the local construction sector exists primarily to provide renovation services. Limited or non-existent demand for new home construction means few people become involved in the construction sector, or they leave for employment opportunities elsewhere. One exception has been Coral Harbour where a concerted effort to train Aboriginal carpenters and tradespeople has created local employment and reduced the need to import construction labour. In communities where the economy is expanding or reasonably healthy, an equally strong residential construction sector has evolved, able to build new homes as needed.

Self-Build

Building your own home is seen as one way to reduce the cost of housing. Most of the savings come from sweat equity with family members and friends supplying construction labour to reduce or eliminate a mortgage. But the literature review and case studies show that very few self-builders are low-income households because they lack the necessary up-front cash to purchase materials.

Manufactured Housing

Manufactured homes, such as mobile homes, both owned and rented, are seen as an affordable option. But older models are in poor condition which creates a stigma that serves as a barrier to placement and purchase. Only 3 per cent of all housing starts in Canada are from the manufactured housing sector (compared to 24 per cent in the U.S.). The sector is more active in Nova Scotia and New Brunswick compared to the rest of Canada in terms of its share of all new housing. In the case study communities of Preeceville and Russell, where there is virtually no construction sector, and in St. Stephen, manufactured homes are a preference for all income categories.

3. From the Case Studies

To examine the relationship between the circumstances of rural low-income households and their communities, the researchers developed a working typology. Case study communities were categorized using variables such as population size, distance from an urban centre, demographics and local economies.

The typology shows that the geography, economy and available services of a rural area can strongly influence the circumstances of its low-income residents.

Growing Communities: *Brooks, Alberta and Kingston-Greenwood, Nova Scotia*

These are located close to urban centres, usually along major highways, fuelled by new economic growth with populations of around 5,000 to 10,000. In growing communities, people face high housing costs and declining vacancy rates. The working poor, single parents and seniors are the most likely to feel the pain of rising housing costs.

Stable or Slow Growth Communities: *Port Elgin, Ontario; Saint-Fabien-de-Panet, Quebec and St. Stephen, New Brunswick*

Usually an hour from urban centres, these areas have some social services and populations of up to 5,000. Low-income households here often face poor quality housing and social conditions. Vacancy rates are low or falling and there's a need for community services. Opportunities include converting old non-residential buildings.

Declining Communities: *Maniwaki, Quebec; Marystown, Newfoundland and Wawa, Ontario*

At least two hours from a large urban centre with 2,500 residents or fewer, declining communities experience a slow erosion of the economy through business closures and an out-migration of young people. The lack of a viable construction sector, limited land for development, poor social conditions and limited economic options present large challenges for low-income households.

Bedroom Communities: *Mississippi Mills, Ontario*

Located very close to an urban area and dominated by the retail and service sectors, bedroom communities are populated by young families and semi-retired professionals. On the fringe of large urban areas, high-income households move into these communities, putting pressure on the working poor and single parents to find affordable accommodations. But projects that integrate housing with services offer hope.

Retirement Communities: *Russell, Manitoba and Preeceville, Saskatchewan*

Reasonably close to a major urban centre and dominated by retail, services and health care sectors, with a large elderly population, retirement communities typically suffer from the lack of a strong, viable housing market. New units are often expensive and older units can have high utility costs. Seniors and single people are the most visible low-income households. Market demand from seniors and municipal zoning that permits manufactured housing can help improve overall conditions.

Northern Communities: *Coral Harbour, Nunavut*

Northern areas are isolated from major markets and depend on a resource and service economy. The population is largely youthful and Aboriginal. Single parents, the working poor and single people are among the low-income households. They face high building costs, limited economic options and poor social conditions. More research into building technologies that address the needs of northern communities and integrating housing into economic strategies are among the opportunities.

Barriers

While it's easy to identify low incomes as the major barrier to providing housing for low-income households, the problems run much deeper.

High Building Costs: In a few of the communities, such as Coral Harbour, building costs are high because supplies and labour are far away in larger centres.

Not in My Back Yard: A bias against low-income housing projects, concern on the part of affluent owners and outright community opposition made the building of certain types of affordable housing (such as manufactured homes) more challenging in a number of the communities.

Uncertain Economies: Investors have little incentive to build housing in communities where unemployment and poor economic conditions exist. And in small towns, where a single unit can mean the difference between profit and loss, rental housing, in particular, is seen as a risky investment.

Lack of Community Services: The presence or lack of community services plays a key role in shaping local housing markets. When hospitals, health clinics, schools and long-term care facilities exist in a rural community, low-income households tend to stay or be attracted. Their absence has the opposite affect.

Poor Social Conditions: Poverty and poor educational opportunities resulting in limited self-esteem, a lack of family role models and limited "life survival skills" were seen as impediments.

Lack of Community Leadership: A drop in social housing construction has left a vacuum in local affordable housing leadership.

Public Policy and Regulations: Inadequate social assistance and local regulations that discourage the building of some affordable housing (such as manufactured housing parks) are two examples of problematic public policies.

Opportunities

Despite the barriers, the case studies revealed a number of potential opportunities.

Municipal Planning, Land Development and Community Leadership: Low-cost building lots to encourage development, financial incentives and regulations that permit affordable housing options such as garden suites, accessory apartments and two homes on a single lot are among the possibilities. In some of the case studies, local government and non-profit associations took leadership roles in creating these and other incentives.

Building Conversions: Vacant church properties, empty factories and closed hotels can all be converted for residential purposes.

Diversified Housing: Life-lease projects and small-scale apartment buildings will attract new seniors to a community. Group homes for people with disabilities can also be built, typically by community non-profit groups. In St. Stephen, Preeceville and Russell, the manufactured housing sector is an important supplier of new housing.

Research and Development for the North: Pilot projects, many involving CMHC, are studying ways to improve housing conditions in the north and make housing more affordable.

Conclusions

The study concluded there are four major factors that shape the housing circumstances of low-income households.

Economic Context: A community's economic health and its relationship to the surrounding region affects incomes and employment opportunities.

Distance from a Large Urban Centre: This has an impact on access to services and employment opportunities.

Population Size: The size of a community can affect the health of its housing market, construction sector and its ability to produce new housing when needed.

Size of the Seniors Population: Seniors are attracted to small rural communities if there are adequate health care facilities and a range of housing options including ownership, rental apartments, assisted living and nursing homes.

The shortage of affordable, quality housing for low-income households is a major challenge. The assumption of the core need model is that with sufficient income, a household can resolve its housing crisis. The researchers believe this may be true in an urban context but in rural areas, where supply is vastly limited, even financial resources may not bring results.

It is clear that many factors must be taken into account when assessing the housing needs of low-income households in rural areas.

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[1] Core housing need refers to households unable to afford shelter that meets adequacy, suitability, and affordability standards. The standards have been adjusted over time to reflect the housing expectations of Canadians. Affordability, one of the elements used to determine core housing need, is recognized as a maximum of 30 per cent of the household income spent on shelter.

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Research Report: *Housing Needs of Low-Income People Living in Rural Areas*

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